CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer 1322 & 1324 Lunalilo LLC
Address 745 Fort St. Suite 202, Honolulu, Hawaii 96813
Project Name(*): 1322 & 1324 LUNALILO ST.
Address: 1322 & 1324 Lunalilo St., Honolulu, Hawaii 96819

Registration No. 5432

Effective date: September 16, 2004
Expiration date: October 16, 2005

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

_____	**PRELIMINARY:** (yellow)	The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
X	**FINAL:** (white)	The developer has legally created a condominium and has filed complete information with the Commission. [X] No prior reports have been issued. [ ] This report supersedes all prior public reports [ ] This report must be read together with
_____	**SUPPLEMENTARY:** (pink)	This report updates information contained in the: [ ] Preliminary Public Report dated: [ ] Final Public Report dated: [ ] Supplementary Public Report dated: [ ] Supersedes all prior public reports. And [ ] Must be read together with [ ] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM:RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report as Exhibit H [ ] Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[X] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

SPECIAL ATTENTION SHOULD BE GIVEN TO THE ADDITIONAL INFORMATION (PAGES 20) AND THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "A")

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land areas beneath and immediately appurtenant to each apartment is designated as a LIMITED COMMON ELEMENT appurtenant to the respective apartment and does not represent legally subdivided lots. The walls, fences and dashed lines shown on the condominium map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

TABLE OF CONTENTS

		Page
Preparation of this Report		1
Expiration Date of Reports		1
Type of Report		1
Disclosure Abstract		2
Summary of Changes from Earlier Public Reports		2
Table of Contents		3
General Information on Condominiums		4
Operation of the Condominium Project		4
I.	PERSONS CONNECTED WITH THE PROJECT	5
	Developer	
	Attorney for Developer	
	General Contractor	
	Real Estate Broker	
	Escrow Company	
	Condominium Managing Agent	
II.	CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
	A. Declaration	6
	B. Condominium Map (File Plan)	6
	C. Bylaws	6
	D. House Rules	7
	E. Changes to Condominium Documents	7
III.	THE CONDOMINIUM PROJECT	
	A. Interest to be Conveyed to Buyer	8
	B. Underlying Land	9
	C. Buildings and Other Improvements	10
	D. Common Elements, Limited Common Elements, Common Interest	13
	E. Encumbrances Against Title	14
	F. Construction Warranties	15
	G. Status of Construction	16
	H. Project Phases	16
IV.	CONDOMINIUM MANAGEMENT	
	A. Management of the Common Elements	17
	B. Estimate of Initial Maintenance Fees	17
	C. Utility Charges for Apartments	17
V.	MISCELLANEOUS	
	A. Sales Documents Filed with the Real Estate Commission	18
	B. Buyer's Right to Cancel Sales Contract	18
	C. Additional Information Not Covered Above	20
	D. Signature of Developer	21

EXHIBIT A: Developer's Reserved Rights
EXHIBIT B: Permitted Alterations to Apartments
EXHIBIT C: Common Elements
EXHIBIT D: Limited Common Elements
EXHIBIT E: Encumbrances Against Title
EXHIBIT F: Summary of Provisions of Sales Contract
EXHIBIT G: Summary of Material Provisions of Escrow Agreement
EXHIBIT H: Disclosure Abstract and Estimated Mainteannce Fees and Disbursements attached as Exhibit "1"

General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: 1322 & 1324 Lunalilo LLC
Name*
745 Fort Street., Suite 202
Business Address
Honolulu, Hawaii 96813

Phone: (808) 524-4024
(Business)

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Howard Bilkiss, Ltd., Member

Real Estate Broker*: Howard Bilkiss, Ltd.
Name
745 Fort Street., Suite 202
Business Address
Honolulu, Hawaii 96813

Phone: (808) 524-4024
(Business)

Escrow: Island Title Corporation
Name
1132 Bishop Street, Suite 400
Business Address
Honolulu, Hawaii 96813

Phone: (808) 531-0261
(Business)

General Contractor*: AJ Construction, Inc.
Name
94-065 A Waipahu Depot Road
Business Address
Waipahu, Hawaii 96797

Phone: (808) 678-8505
(Business)

Condominium Managing Agent*: Self Managed by the Association of Apartment Owners
Name

Business Address

Phone: _____
(Business)

Attorney for Developer: Kenneth K.P. Wong, Esq.
Name
841 Bishop St, Suite 1090
Business Address
Honolulu, Hawaii 96813

Phone: (808) 536-3870
(Business)

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances Document No. 2004-114785
Book _____ Page _____
[ ] Filed - Land Court Document Number _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment of Declaration dated July 9, 2004, recorded in said Bureau as Document No. 2004-143332. Second Amendment to Declaration dated August 6, 2004, recorded in said Bureau as Document No. 2004-163730.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances Condominium Map No. 3775
[ ] Filed - Land Court Condominium Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

N/A

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded - Bureau of Conveyances Document No. 2004-114786
Book _____ Page _____
[ ] Filed - Land Court Document Number _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: N/A

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

[ ] Proposed [X] Adopted [ ] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	Majority of Board of Directors

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

[ ] No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

[X] Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

See attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[X] Fee Simple: Individual apartments and the common elements, which includes the underlying land, will be in fee simple.

[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which includes the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s):

_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year

For Sub-leaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s):_____

_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. **Underlying Land:**

Address: 1322 & 1324 Lunalilo Street
Honolulu, Hawaii 96819

Tax Map Key (TMK): (1)-2-4-21-75

[ ] Address [ ] TMK is expected to change because * See Below

Land Area: 5,498 [X] square feet [ ] acre(s) Zoning: A-2

* Unit 1's address will remain 1322 Lunalilo Street. Unit 2's address will be 1324 Lunalilo Street because Unit 2 is a separate unit from Unit 1

Fee Owner: 1322 & 1324 Lunalilo LLC
Name
745 Fort Street, Suite 202
Address
Honolulu, Hawaii 96813

Lessor: N/A
Name

Address

C. Buildings and Other Improvements:

1. [X] New Building(s)
   [ ] Conversion of Existing Building(s)
   [ ] Both New Building(s) and Conversion

2. Number of Buildings: Two (2) Floors Per Building: Two (2)

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [X] Concrete [X] Hollow Tile [X] Wood

   [ ] Other _____

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning	
[X] Residential	2	[X] Yes	[ ] No
[ ] Commercial		[ ] Yes	[X] No
[ ] Mix Res/Comm		[ ] Yes	[X] No
[ ] Hotel		[ ] Yes	[X] No
[ ] Timeshare		[ ] Yes	[X] No
[ ] Ohana		[ ] Yes	[ ] No
[ ] Industrial		[ ] Yes	[X] No
[ ] Agricultural		[ ] Yes	[X] No
[ ] Recreational		[ ] Yes	[X] No
*[X] Other:		[X] Yes	[ ] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X] Yes [ ] No

The Declaration permits residential uses and any other uses permitted by the Land Use Ordinances of the City and County of Honolulu.

*Other principal uses permitted by the zoning provisions of the Land Use Ordinances include boarding facilities, consulates, day-care facilities, duplexes, meeting facilities, public uses and structures, elementary, intermediate and high schools, telecommunications antennas and utility installations, Type A.

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

Dogs, cats and customary household pets permitted in reasonable number; provided no
[X] Pets commercial breeding or use. No livestock, poultry or other animals.
[ ] Number of Occupants: _____
[X] Other: Please ask to see 1322 & 1324 Lunalilo St. Rules & Regulations ("House Rules") adopted July 7, 2004. They contain prohibitions.
[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Units 1 & 2

Elevators: -0- Stairways: 1 each Trash Chutes: -0-

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identify
Unit 1	1	5/3	2,351	449	Garage
Unit 2	1	4/3	1,886	418	Garage

Total Number of Apartments: 2

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls, excluding the Garage, Lanai and Balcony.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Dwelling.

Permitted Alterations to Apartments:

See attached Exhibit "B"

Apartments Designated for Owner-Occupants Only:
Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement because the Project is exempt.

7. Parking Stalls:

Total Parking Stalls: 4

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)	2						4
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	4		0		0		4

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

[X] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute/Enclosure(s)

[ ] Other: _____

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below: [ ] Violations will be cured by _____ (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

[ ] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses	Yes		
Structures	Yes		
Lot	Yes		

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

[X] described in Exhibit "C".

[ ] as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

[ ] There are no limited common elements in this project.

[X] The limited common elements and the apartments which use them, as described in the Declaration, are:

[X] described in Exhibit "D".

[ ] as follows:

Note: Reference in said Exhibit "D" to "Exclusive Use Area" does not mean legally subdivided Lots.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[ ] described in Exhibit _____.

[X] as follows:

Unit 1 -50%
Unit 2 -50%

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit __E_ describes the encumbrances against the title contained in the title report dated August 6, 2004 and issued by Island Title Corporation.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance**
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit, less escrow cancellation fees. However, in the event the Buyer's deposit is disbursed by Escrow and the lien is foreclosed prior to conveyance to Buyer, Buyer may not be able to recover any deposits.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

Developer is not providing any warranties to Purchasers of an Apartment but will pass on any warranties contained in Developer's construction contract with Contractor. Contractor's warranty extends for 1 year after substantial completion of any work not conforming to the contract documents.

2. Appliances:

Developer is not providing any warranties to Purchasers of an Apartment but will pass on any manufacturer's or dealer's warranties covering the appliances in the Apartments. Length of warranties may vary.

G. Status of Construction and Date of Completion or Estimated Date of Completion:

It's estimated that all of the Units in the Project will be completed by October 1, 2004.

H. Project Phases:

The developer [ ] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

N/A

IV. CONDOMINIUM MANAGEMENT

A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

[ ] not affiliated with the Developer

[ ] the Developer or the Developer's affiliate.

[X] self-managed by the Association of Apartment Owners

[ ] Other: _____

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit **"1" to Exhibit H** contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

[X] None [ ] Electricity (___ Common Elements only _____ Common Elements & Apartments)

[ ] Gas (_____ Common Elements only _____ Common Elements & Apartments)

[ ] Water [ ] Sewer [ ] Television Cable

[ ] Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated June 5, 2004
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other:

_____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:
   1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
B) The buyer is given an opportunity to read the report(s); **AND**
C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days after the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other: _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's agents, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5432 filed with the Real Estate Commission on July 28, 2004.

Reproduction of Report. When reproduced, this report must be on:

[ ] YELLOW paper stock [X] WHITE paper stock [ ] PINK paper stock

C. Additional Information Not Covered Above

1. Developer discloses that no reserve study was done in accordance with § 514A-83.6, H.R.S., and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

2. The specimen Sales Contract provides in part that Buyer understands the Apartments are being sold without any warranties. The existence of any defect in the Apartments or anything installed thereon shall not excuse the Purchaser's obligation to perform all of his obligations under his contract as long as the Apartment is livable.

3. Pursuant to Sections 16-99-3(g) and 16-99-11(d) Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Howard Bilkiss, RB 7662, is a managing member of the Developer/Owner and is a current and active Hawaii licensed real estate broker. Further, Mr. Bilkiss is the principal broker of Howard Bilkiss, Ltd., RB 7934. Pursuant to Section 16-99-11(c) HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

4. The Developer is using a performance, materials and mechanic's lien bond issued by a material house, Honsador Lumber Corporation, instead of a bond issued by a surety company. Accordingly, the Developer will not be using purchaser's funds to pay for development or construction costs. Purchaser's funds will be released to the Developer only after the 45-day lien period from notice of completion has run without incident, or all mechanic's and materialmen's liens have been cleared or there are sufficient funds available to cover any such liens that may be filed; or if closing is to occur prior to the expiration of the applicable mechanic's lien period, the Seller shall have provided the purchaser with an owner's title insurance policy with a mechanic's lien endorsement.

5. ACT 119 PASSED BY THE STATE OF HAWAII LEGISLATURE AND EFFECTIVE JULY 1, 2004, CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIRED, OR CONSTRUCTED YOUR HOME OR FACILITY. **NINETY DAYS** BEFORE YOU FILE YOUR LAWSUIT OR OTHER ACTION, YOU MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTURCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT YOUR ABILITY TO FILE A LAWSUIT OR OTHER ACTION.

D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)

E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

1322 & 1324 Lunalilo LLC
Printed Name of Developer

By: Howard Bilkiss
Duly Authorized Signatory*

July 26, 2004
Date

Howard Bilkiss as President of Howard Bilkiss, Ltd., the Managing Member of Developer
Print Name and Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu

C:\Janice\Clients\1322 & 1324 Lunalilo LLC\Condo Docs\Final Public Report.7-23-04.DOC

***Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.**

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

1. Paragraph 7.5 of the Declaration states:

"7.5 Declarant reserves the right to grant to any public or governmental authority rights-of-way and other easements, which are for the sole benefit of the Project or which do not materially interfere with the use nor materially impair the value of, any Unit, over, across, under and through the common elements and limited common elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof; provided the Association, through the Board, with the consent or agreement of any holder of any then existing easement affected thereby, is authorized to grant, convey, transfer, cancel, relocate and otherwise deal with any and all such public services and utilities easements now or hereafter located on or affecting the Project."

2. Paragraph 20 of the Declaration states:

"20.1 Except as otherwise provided in this Declaration or by law, this Declaration may be amended by vote of seventy-five percent (75%) of the Unit Owners, effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such Owners or by the proper officers of the Association. In addition, except as provided in this Declaration or by law, the approval of eligible holders of first mortgages on Units to which are appurtenant at least 51% of the common interest of the Project shall be required for any material amendment to the Declaration or any amendment of a provision for the express benefit of holders or insurers of first mortgages on Units. An eligible holder is a holder of a first mortgage on a Unit which has made a written request to the Association that it receive notices of proposed changes to the Declaration. A material amendment to the Declaration is one which establishes, provides for, governs or regulates any-of the following: (1) voting; (2) assessments, assessment liens, or subordination of such liens; (3) reserves for maintenance, repair and replacement of the common elements; (4) insurance or fidelity bonds; (5) rights to use of the common elements; (6) responsibility for maintenance and repair of the project; (7) expansion or contraction of the project for the addition, annexational or withdrawal of property to or from the project; (8) boundaries of any Unit; (9) the interest in the common elements; (10) convertibility of Units into common elements or of common elements into Units; (11) leasing of Units; (12) imposition of any right of first refusal or similar restriction on the right of a Dwelling Owner to sell, transfer or otherwise convey his or her interest in the Unit; or (13) establishment of self management by the Association after professional management has previously been required by any of the mortgage holders.

20.2 Notwithstanding any provision to the contrary in this Declaration, (1) at any time prior to the first filing in the Recording Office of a conveyance of a Unit, the Declarant may amend this Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Unit purchaser; and (2) at any time thereafter, the Declarant may amend this Declaration (and when applicable, the Condominium Map) to file the "As Built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, apartment numbers, and the dimensions of an improvement or change in a Unit as built; or (ii) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number.

20.3 Notwithstanding any provision to the contrary in this Declaration, the Owner of any Unit shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the Changes made to the Unit and changes to the boundaries of Exclusive Use Areas in accordance with Paragraphs 19.1 and 19.3 provided all the applicable requirements of Paragraph 19 have been satisfied. Promptly upon completion of such Changes or changes to said boundaries, the Owner of the changed Unit or boundary, as the case may be, shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit on the Declaration so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including his common interest) and shall be irrevocable.

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

1. Paragraph 19.1 of the Declaration states:

"19.1. Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, each Unit Owner shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all mortgage liens affecting his unit, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make additional improvements upon the Dwelling Area appurtenant to the Unit (the foregoing are referred to collectively as "Changes" and singly, as a "Change") subject to the following conditions:

(a) Building plans for any Change shall be prepared by a licensed architect or professional engineer and all construction shall be undertaken in accordance with such plans and shall comply with all governmental laws, ordinances, rules and regulations.

(b) If required by County Building Laws, then the Owner making the change shall first obtain any requisite building permit.

(c) Any Change to a Unit cannot extend beyond the Dwelling Area which is appurtenant to the Unit.

(d) No Change to a Unit will be made if the effect of such Change would be to exceed the Unit's "proportionate share of the total allowable lot area coverage for the Land" or the number of dwelling units permitted on the Land, as permitted under the zoning and building codes applicable to the Land in effect when the Change is to be made (collectively, the "Land Use Ordinance"). A Unit's proportionate share of the total allowable lot area coverage for the Land shall be calculated by multiplying the Unit's common interest by the total allowable lot area coverage for the entire Land in the Project, provided however, that this formula does not apply to Units originally built by Developer, but only to Changes to a unit after it is sold by the Developer. For example, if the total allowable lot area coverage for the entire Land in the Project is 2,000 square feet and the common interest for Unit 1 is 50%, then Unit 1's proportionate share of the total allowable lot area coverage for the Land in the Project is 1,000 square feet (2,000 square feet x .50).

(e) Any such Change shall be at the expense of the Unit Owner making the Change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Unit Owner's use or enjoyment of his Unit, the common elements or the Unit's appurtenant limited common elements.

(f) During the entire course of such construction, the Unit Owner making such Change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. At the request of the Association, the Association shall be named as an additional insured and, evidence of such insurance shall be deposited with the Association.

(g) The Unit Owner making the Change shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such Change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any substantial interruption in the service of such utilities to any other Unit Owner.

(h) If the consent or joinder of another Unit Owner to any Change, including obtaining building permits is required by the Act, then each Unit Owner hereby consents in advance to give such consent or join any such application for such Change, provided that all such expenses relating to the change shall be borne by the Owner making the Change.

(i) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph 19 and any lease of an Exclusive Use Area shall reserve to all Owners the rights set forth in this paragraph 19.

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

4.1 The Land in fee simple;

4.2 The CMU Demising Wall, labeled as Common Element, as shown on the Condominium Map;

4.3 The CMU Wall, labeled as Common Element, as shown on the Condominium Map;

4.4 The Sewer Line, labeled as Common Element, as shown on the Condominium Map;

4.5 The Driveway, labeled as Common Element, as shown on the Condominium Map;

4.6 The Entry, labeled as Common Element, as shown on the Condominium Map;

4.7 All other portions of the Land and improvements not specifically heretofore designated as Dwellings, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

"5.1 Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of each Unit, and each Unit shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne by the Unit to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

(a) The site on which Unit 1 is located, consisting of the land beneath and immediately adjacent to Unit 1, as shown and delineated on the Condominium Map as "Exclusive Use Area Unit 1" (including the airspace above such site), is for the exclusive benefit of Unit 1.

(b) The site on which Unit 2 is located, consisting of the land beneath and immediately adjacent to Unit 2, as shown and delineated on the Condominium Map as "Exclusive Use Area Unit 2" (including the airspace above such site), is for the exclusive benefit of Unit 2.

(c) Each of Units 1 and 2 has a sewer lateral, as shown and delineated on the Condominium Map, as limited common elements for the exclusive use and benefit of Units 1 and 2, respectively.

(d) Each of Units 1 and 2 has a water line, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 1 and 2, respectively, with the water meters belonging to the Board of Water Supply of the City and County of Honolulu.

(e) Each of Units 1 and 2 has CMU Walls, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 1 and 2, respectively.

(f) Each Unit shall have a mailbox, as shown on the Condominium Map, appurtenant to it and reserved for its exclusive use and benefit which shall be designated with that Unit's address.

Note: The "Exclusive Use Areas" herein described are not legally subdivided lots."

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. Existing improvement(s) along the boundary, disclosed by the surveyor's map and/or report dated November 10, 2003, prepare by Dennis K. Hashimoto, Licensed Professional Land Surveyor, Certificate No. 5688, are as follows:

   a. The south boundary is evident by asphalt pavement which extends into the subject parcel by 25.5 feet for 26.5 feet

   b. The east boundary is evident by fence #4 which extends into parcel 29 by 0.6 feet, to 0.0 feet for 3.0 feet

4. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Warranty Deed with Covenants, Conditions, Restrictions and Encumbrances, dated May 13, 2004, recorded as Document No. 2004-100436, to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS.

5. MORTGAGE:

Dated:	May 17, 2004
Recorded:	Document No. 2004-100437
Amount:	$836,500.00
Mortgagor:	1322 & 1324 Lunalilo LLC, a Hawaii limited liability co
Borrower:	1322 & 1324 Lunalilo LLC, a Hawaii limited liability company, and Howard Bilkiss, Ltd, a Hawaii corporation
Guarantor:	Howard J. Bilkiss
Mortgagee:	First Hawaiian Bank, a Hawaii corporation

6. ABSOLUTE ASSIGNMENT OF RENTALS AND LESSOR'S INTEREST IN LEASES

Dated:	May 17, 2004
Recorded:	Document No. 2004-100438
Assignor:	1322 & 1324 Lunalilo LLC, a Hawaii limited liability co
Borrower:	1322 & 1324 Lunalilo LLC, a Hawaii limited liability company, and Howard Bilkiss, Ltd, a Hawaii corporation
Guarantor:	Howard J. Bilkiss
Mortgagee:	First Hawaiian Bank, a Hawaii corporation

7. ABSOLUTE ASSIGNMENT OF SALES CONTRACTS, ESCROW DEPOSITS, ESCROW AGREEMENTS AND NET SALES PROCEEDS

Dated:	May 17, 2004
Recorded:	Document No. 2004-100439
Assignor:	1322 & 1324 Lunalilo LLC, a Hawaii limited liability co
Borrower:	1322 & 1324 Lunalilo LLC, a Hawaii limited liability company, and Howard Bilkiss, Ltd, a Hawaii corporation
Guarantor:	Howard J. Bilkiss
Mortgagee:	First Hawaiian Bank, a Hawaii corporation

8. FINANCING STATEMENT AFFECTING THE PROPERTY HEREIN DESCRIBED:

Recorded:	May 19, 2004 Document No. 2004-100440
Debtor:	1322 & 1324 Lunalilo LLC, a Hawaii limited liability company
Secured Party:	First Hawaiian Bank, a Hawaii corporation

9 Condominium Map No. 3775, filed in the Bureau of Conveyances, State of Hawaii.

10. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime of 1322 & 1324 Lunalilo St.:

Dated:	June 2, 2004
Recorded:	Document No. 2004-114785 in the Bureau of Conveyances. to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS.

The foregoing was amended by the following:

Document No.	Dated:
2004-143332	July 9, 2004
2004-163730	August 6, 2004

11. Terms and provisions contained in the By-Laws of the Association of Apartment Owners of 1322 & 1324 Lunalilo St.:

Dated:	June 2, 2004
Recorded:	Document No. 2004-114786 in said Bureau

12. Any and all covenants, conditions, restrictions and easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, and/or as delineated on said Condominium Map.

EXHIBIT F

SUMMARY OF PERTINENT
PROVISIONS OF SALES CONTRACT

Developer has filed a specimen Deposit Receipt and Sales Contract ("Sales Contract") with the Hawaii Real Estate Commission, which contains certain pertinent provisions summarized as follows:

I.4.a & I.5.c. CONDOMINIUM DOCUMENTS. By closing the purchase of the Apartment, Buyer acknowledges that it has examined and approved the form of the Apartment Deed, Declaration of Condominium Property Regime of 1322 & 1324 Lunalilo St.("Declaration"), By-Laws, Escrow Agreement, Final Public Report, Rules and Regulations, Condominium Map, and any amendments to such documents or plan. The Condominium Map is intended to show only the layout, location, apartment numbers and dimensions of the apartments and is not intended to be and is not a representation, warranty or promise to Buyer.

I.4.b. MODIFICATION OF DOCUMENTS. Developer can make certain modifications to the Declaration, By-Laws, Condominium Map and Apartment Deed provided no modification shall (1) increase Buyer's share of the common expenses, (2) increase the cost of the property covered thereby, (3) require a substantial physical change of the building in which the Apartment is situated, (4) reduce the obligations of Seller for common expense on unsold apartments; or (5) substantially impair or modify any of the obligations given or undertaken by Seller.

I.5.a. NO WARRANTIES. Seller is making no warranties, express or implied (including warranties of merchantability, habitability, workmanlike construction or fitness for a particular purpose), regarding the Apartments, common elements, or Project, fixtures, appliances, furnishings, consumer items in the Apartments or anything connected with the Project. Developer's construction contract with the contractor for the Project contains a provision that for a period of one year after the date of substantial completion of work or any designated portion thereof, contractor shall correct any work not conforming to the contract documents.

Developer will transfer to Buyer any manufacturer's or dealer's warranties that can be transferred covering any furnishings, fixtures, appliances or consumer products in the Apartment.

Developer is not acting as a warrantor or co-warrantor but is only attempting to pass on the benefits of manufacturer's or dealer's warranties.

I.5.b. ACCEPTANCE OF APARTMENT. Developer or contractor may ask Buyer to inspect the Apartment before Closing. Buyer agrees to accept possession of the Apartment even if Buyer has not inspected the Apartment prior to Closing.

I.5.e. SELLER'S STATEMENT. Seller's disclosures in the Contract and the Project Documents about the Apartment and the Project are based on observations of visible, accessible areas and information within the knowledge and control of Seller. Buyer should hire his own experts to inspect the Apartment and Project.

I.5.f.(6). LIQUIDATED DAMAGES. In the event Buyer alleges that Seller violated any federal or state disclosure laws or regulations (including the Hawaii Condominium Act and federal and state securities law), Buyer's only remedy will be to sue for a refund of the purchase price and closing costs actually paid plus interest at 6% per annum from the date of closing until the date of repayment. If Buyer is successful, this remedy will constitute liquidated damages and Buyer cannot claim damage for changes to the Apartment, maintenance fees, real property taxes, mortgage fees and interest on the mortgage or any other damages.

I.3; I.6.;I.9. SELLER'S RIGHT TO CANCEL In addition to any other rights of cancellation reserved to Seller, if (a) Buyer's deposit check is returned for insufficient funds, (b) Buyer intends to obtain financing and fails to meet the deadlines regarding applying for financing or to obtain an irrevocable written commitment for an adequate loan within 20 days of the acceptance of the Sales Contract by Seller, (c) Buyer intends to pay all cash and fails to provide proof of ability to pay within 5 days after Seller accepts the Sales Contract, or (d) Buyer should die prior to Closing, or (e) Buyer shall default or fail to perform other obligations under the Contract and is not cured within 5 days of Seller's notice to Buyer, Seller reserves the right to cancel the Sales Contract and return Buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of Buyer's execution of the Sales Contract.

I.6.d. BUYER'S RIGHT TO CANCEL Buyer has the right to cancel a binding Sales Contract at any time prior to the earlier of (1) the conveyance of an apartment to Buyer or (2) midnight of the thirtieth (30th) day following the receipt of the Final Public Report unless Buyer waives his right to cancel in writing prior to such time. Buyer also has the right to rescind the Sales Contract pursuant to HRS §514A-63.

I.7.d. CLOSING COSTS. Buyer shall pay all closing costs. Real property taxes, assessments paid and insurance shall be prorated as of the Closing.

I.8. SUBORDINATION. Buyer acknowledges that Seller may obtain a loan and grant a mortgage covering Seller's interest in the Project land and the Project, including the Sales Contract. Buyer acknowledges and agrees that all security interests obtained by a lender in connection with such loan as well as any extensions, renewals and modifications thereof, shall be and remain at all times a lien or charge on the Project, including the Apartment covered by the Sales Contract, prior to and superior to any and all liens or charges on the Project arising from the Sales Contract. Buyer hereby expressly waives, relinquishes and subordinates the priority or superiority of any lien under the Sales Contract in favor of the lien or charge on the Project of the security interests of lender.

I.9. & I.5.b. DEFAULT. Time is of the essence of the Sales Contract, and if the Sales Contract is binding and Buyer shall default in any payment when required or fail to perform any other obligations required of Buyer and shall fail to cure such default within five (5) days after receipt of written notice thereof from Seller, Seller may, at Seller's option, terminate the Sales Contract by written notice to Buyer. In the event of such default, the parties hereto understand and

agree that the sums paid by Buyer prior to such default shall belong to Seller as liquidated damages. In addition, Buyer shall pay all fees for documents that have been prepared in connection with Buyer's proposed purchase of the Apartment. Seller may also pursue any other remedy at law or in equity for specific performance or damages, and all costs, including attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

THIS EXHIBIT CONTAINS ONLY SUMMARIES OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE DEPOSIT RECEIPT AND SALES CONTRACT. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THEIR ENTIRETY CONTAINED IN THE AFORESAID DOCUMENT.

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Island Title Corporation.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

(a) Developer and Buyer shall have requested Escrow in writing to return to Buyer the funds of Buyer held hereunder by Escrow; or

(b) Developer and Buyer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) Developer and Buyer shall have notified Escrow that the conditions provided for a refund under Sections 514A-62 or 514A-63, Hawaii Revised Statutes, as amended, have been met.

Upon such refund, Escrow shall be entitled to a cancellation fee of $50.00 or full Escrow fee depending on when the cancellation occurs and Escrow out-of-pocket costs.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow shall make no disbursements of Buyer's funds pursuant to paragraph 7 of the Escrow Agreement until Buyer's apartment deed is recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii or the Bureau of Conveyances of the State of Hawaii, as the case may be.

4. Buyer's Default. Seller must notify Escrow in writing if Buyer defaults, and must certify that Seller has cancelled the Buyer's Sales Contract and notified Buyer of the default. After such cancellation Escrow will treat the Buyer's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: 1322 & 1324 Lunalilo St.
1322 & 1324 Lunalilo Street
Honolulu, Hawaii 96819

(b) DEVELOPER: 1322 & 1324 Lunalilo LLC
745 Fort St., Suite 202
Honolulu, Hawaii 96813
Telephone: (808) 524-4024

(c) MANAGING AGENT: Self Managed by Association of Apartment Owners

(d) REAL ESTATE BROKER Howard Bilkiss, Ltd.
745 Fort St., Suite 202
Honolulu, Hawaii 96813

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:

The Developer is not making any warranties relating to the materials and workmanship of the Units. However, Developer will pass on any warranties contained in Developer's Construction Contract with Contractor and will pass on any manufacturuer's or dealer's warranties covering appliances in the Apartment.

4. USE OF UNITS. Units 1 and 2 shall be occupied and used only for residential purposes by the respective owners, their tenants, families, domestic servants and social guests, and for any other purpose permitted by the Land Use Ordinance of the City and County of Honolulu.

EXHIBIT "1"

ESTIMATED MAINTENANCE FEES AND DISBURSEMENTS FOR COMMON ELEMENTS

For Period October 1, 2004 toSeptember 30, 2005

As Prepared by Developer

Estimated Annual Disbursements:

1/	Water/Sewer	$ -0-
1/	Electricity:	$ -0-
2/	Fire Insurance:	$ -0-
	Fidelity Bond:	$ -0-
3/	Reserves:	$ -0-
4/	Management Fee:	$ -0-
	Administrative Expenses	$ -0-
5/	Common Elements Maintenance:	$ -0-
	TOTAL ANNUAL EXPENSES	$ -0-
	Estimated Monthly Disbursements:	$ -0-
	Estimated Monthly Maintenance Fee for Each Apartment:	$ -0-

Notes:

1/ All utilities will be separately metered or submetered or otherwise charged, and the common elements will incur no separate utility charges.

2/ Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses.

3/ Developer discloses that no reserve study was done in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

4/ The Project will be self managed by the Association of Apartment Owners.

5/ All of the owners will equally share the cost of maintenance and repair of the Driveway, Sewer line, CMU Demising Wall, CMU Wall and Entry, all of which are Common Elements as shown on the Condominium Map when such maintenance and repair becomes necessary.

The Developer certifies that the maintenance fees and disbursements as estimated by the Developer is based on generally accepted accounting principles.

Dated: July 26, 2004

1322 & 1324 Lunalilo LLC,
a Hawaii limited liability Company
By Its Managing Member
Howard Bilkiss, Ltd.

By Howard Bilkiss
Howard Bilkiss
Its President

"Developer"